



BIPARTISAN POLICY CENTER

SPECIAL PRESENTATION

**SENATOR TOM DASCHLE AND THE BIPARTISAN
POLICY CENTER KICK OFF NEW BRIDGE-BUILDER
BREAKFAST SERIES**

MODERATED BY:

**RON BROWNSTEIN, POLITICAL DIRECTOR,
ATLANTIC MEDIA**

FEATURED SPEAKERS:

**SENATOR TOM DASCHLE, FORMER SENATE MAJORITY
LEADER & BPC ADVISORY BOARD MEMBER**

RON POLLACK, EXECUTIVE DIRECTOR, FAMILIES USA

**OHN ROTHER, EXECUTIVE VICE PRESIDENT,
POLICY AND STRATEGY, AARP**

BILLY TAUZIN, PRESIDENT AND CEO, PHRMA

**8:00 AM – 9:30 AM
WEDNESDAY, SEPTEMBER 23, 2009**

**TRANSCRIPT PROVIDED BY
DC TRANSCRIPTION – WWW.DCTMR.COM**

MR. JASON GRUMET: Well, good morning everybody. I am Jason Grumet. I'm the president of the Bipartisan Policy Center. And it's really a terrific honor to welcome you all to our first Bridge-Builder Breakfast series. I have the pleasure of just saying a few words before we get to our incredibly capable panel.

The Bipartisan Policy Center was founded a few years ago by Senators Daschle, Dole, Baker, and Mitchell. The goal is to provide both the motivation and the infrastructure to try to advance a more constructive policy discussion. And this is not any kind of esoteric or idealistic design that people just play nice together but rather it is our sense that the only way to get really durable policy change is if both parties are engaged in that discussion.

We have a wide variety of projects we work on, everything from energy policy to homeland security to Iran. But the real focus of our efforts lately, like the focus of the national discussion, has been on healthcare.

I'm very proud that we were able to work with Senators Daschle, Dole, and Baker to develop a comprehensive and consensus document. We're down to our last 18,000 copies. There are some in the back of the room which we welcome you to.

And I also would just note that some friends have commented recently that the Bipartisan Policy Center's influence on the discussion in Washington at the moment could be described as somewhat subtle but we are hopeful that there will be, in fact, an upswing. And that's one of the reasons why we're hosting this breakfast series.

We're going to be having these breakfasts bimonthly, and the goal is to bring together an interesting group of people and find out where there are creative agreements but also really focus on where there are constructive disagreements, because it is the lack of constructive disagreement more than anything else that we think is undermining the political discussion in this town.

And there's no one better to excavate those areas of creative agreement and constructive disagreement than our dear friend Ron Brownstein. Most of you know Ron. Ron is the political director of the Atlantic Media Company. He has a weekly column in the *National Journal*. He spent 17 years at the *LA Times*. He's been nominated as a finalist twice for a Pulitzer Prize. And I see Ron so much on television and every morning that I actually feel like sometimes he's stalking me. I know that that is not the case. I just, like so many of you, feel so close to him because he's such a constant presence in the lives of policy wonks all over town.

So it's really a real pleasure to have Ron here. We have a tremendous panel. Thank you for coming. And let me turn it over to our friend Ron Brownstein.

MR. RON BROWNSTEIN: Jason, thank you. And thank you. Good morning. Thank you all for coming. What great timing for the Bipartisan Policy Center to hold this event on this momentous day, a momentous day for some of you because it is when the Senate Finance Committee, it appears after long wait, will be holding its first votes on the healthcare bill. For others of you it may be a momentous day because today is Bruce Springsteen's 60th birthday, an occasion that recently earned him a cover boy status on the magazine of John Rother's organization, the AARP.

Now, when it comes to healthcare, Washington these days very much seems a *Tale of Two Cities*. Inside Congress, the two parties are largely at each other's throats. In the House, the expectation is that there will not be more than one or two Republicans – perhaps none – who will support the healthcare bills moving toward the floor. In the Senate, three months of bipartisan negotiations between Max Baucus and Chuck Grassley ended without agreement. And Democrats today are laboring to attract support even from one Republican Senator, Olympia Snowe of Maine.

Yet, outside of Congress, the story has been very different, and to an extent that has not, I think, been sufficiently remarked upon. This year we have seen the emergence of a succession of odd couple coalitions in support of healthcare reform that have brought together groups that have not only traditionally opposed each other but in many cases have opposed previous efforts at reform.

Now, why has the private sector achieved more success at building consensus on healthcare than the public sector? What are the limits of that consensus? And can the agreements that have been forged outside of Congress provide a framework that could help Congress reach agreement itself?

Those are the questions we're here to explore this morning. And to do so, I have a panel of some of the leading thinkers and actors in the healthcare debate, all of whom have been involved in ambitious efforts to build consensus across traditional divides.

First, on my left we have Former Senate Democratic Majority Leader Tom Daschle who is one of the founders of our host, the Bipartisan Policy Center, and the coauthor, along with former Republican leaders Bob Dole and Howard Baker, of the health reform agenda the senator released right here last June.

Next, we have John Rother who is the executive vice president of policy and strategy, as I mentioned, for AARP which was a founding member of another innovative coalition on healthcare called Divided We Fail.

Ron Pollack, executive director of Families USA, a consumer group that is part of a coalition called Americans for Stable Quality Care and has worked with industry groups like PhRMA on other issues in the last few years, particularly expanding coverage for children.

And finally, we have former Representative Billy Tauzin, President and CEO of The Pharmaceutical Research and Manufacturers of America which is also a central member of the Americans for Stable Quality Care Coalition which has been advertising heavily in favor of reform.

Billy Tauzin, can I start with you? A lot of people are surprised to see PhRMA operating in a coalition, not only with Families USA, but the SEIU, the AMA, and the Federation of American Hospitals, that is the Americans for Stable Quality Care Coalition. In 1993, when Bill Clinton started to reform the healthcare system, the drug manufacturers opposed him. What's different this time and how did this coalition, this Americans for Stable Quality Care Coalition come together?

MR. BILLY TAUZIN: Well, it's personal. I just love Ron Pollack, that's what it is. But actually in 1993, '94 there wasn't really, I think, an outreach to various groups within the healthcare community to attempt to come together, even then. It was sort of a plan delivered to the Congress and sort of "take it or leave" it from many members' of Congress points of view, and, as you know, Congress decided to leave it.

This here is quite different. I mean, we were literally given a chance to participate in a broad range of forums and debates and we had a chance to get to know one another, see the commonalities.

I remember early in this process those forums and debates were an exercise in literally identifying things we agreed with rather than things we disagreed with. And we were all surprised at how many things we agreed with. And we agreed with people who ordinarily would never come together. I don't think until lately, Ron, you and I probably had never stood at a podium together.

But going through those forums, it taught us there were more commonalities than any of us believed in. We were given a chance then to come together and actually help this process along. And given that chance we readily took advantage of it.

MR. BROWNSTEIN: Ron, you have, over the last few years, not only in this coalition, but others before it, you probably had more partnerships than anybody on the progressive side with industry groups that traditionally have been at odds with organizations like yours. Have you been able to reach those agreements – and if you can talk about some of the earlier ones – have you been able to reach those agreements because you have been able to find that you have a broader area of consensus, or because you have been able to set aside, find ways to set side what you still disagree on and focus in on where you have common ground?

MR. RON POLLACK: Well, I think that a lot of these forums have clearly indicated that there is a great deal of common ground. I have to say, the first time Billy and I shared a platform together it was an inauspicious occasion. Our staffs were talking about who would talk first. And I sent a note to Billy and I said, "Billy, why don't you

go first, you're better looking than I am." And Billy sent a note quickly back to me, "That's no compliment; everyone's better looking than you." (Laughter.)

MR. TAUZIN: I remember that. (Laughter.)

MR. POLLACK: But there have been a variety of different efforts dating back to 2004, actually, where the key stakeholders: insurers, hospitals, doctors, pharmaceutical companies, business, labor, consumer groups have gotten together in a very carefully orchestrated manner. When we did this, we actually hired conflict managers to facilitate the process. And starting in 2004 we actually reached a broad agreement about how to expand coverage.

And then there was another process that started in the summer of 2008 that went until the beginning of 2009, and we reached very significant agreements. And what we learned is, while there are still differences on some issues, first of all, we built trust with one another. You could take each others' word and that's very helpful. It breaks down some of the personal issues.

But we also found that there are areas of common ground. And I would say to you that some of the key elements of that common ground actually are in every single bill that's now in Congress. And if you look at the structure of how do you expand coverage, it includes expanding the Medicaid safety net, providing robust, sliding scale subsidies for those people above that, placing some limitations on out-of-pocket cost. That's partially a product of these conversations and so I think they were very productive.

MR. BROWNSTEIN: John, talk a little bit about – Billy Tauzin made the point that this is a very different climate than in '93 for the stakeholder groups. When you look at the way the outside groups are participating in this, and the kind of positions they are taking, and the way they are influencing the debate, how do you compare what's happening now to what happened under Clinton?

MR. JOHN ROTHER: Well, today all of the groups, I think without exception, see the status quo as unsustainable. And they realize that change is necessary and to some extent in their own interest. That was certainly true when we reached out to business and labor and put together the Divided We Fail group.

And it's also true that with the election of Barack Obama, it was obvious that we were going to have this change and so people wanted to be part of it. And then I think, also – we were part of the same effort that Ron was – there's no substitute for face-to-face contact, discussion, exploration of common themes. And I think everyone's kind of moved a little toward the center as a result of that.

So I think that the conditions are right politically, the economy makes this urgent, and the history of face to face connections and conversations over, literally, years has really built a foundation of trust.

MR. BROWNSTEIN: Senator Daschle, you sat where Senator Reid is sitting today trying to figure out how to put all of this together. What does the coalescing of these stakeholder groups mean from the inside looking out? How does it change, if at all, the legislative dynamics, especially when you compare it to the situation that you faced in '93 and '94?

SEN. TOM DASCHLE (D-SD): Well, it helps to have something I never had which is 60 votes. (Laughter.) So you start with the realization that you've got numbers that we haven't seen for a long time around. But it is without a doubt one of the single biggest factors as you look at the landscape today the fact that the stakeholders are all at the table, still cooperating and participating, as Billy is demonstrating again this morning.

I mean it is just a remarkable change. And what it does is create a different political dynamic than existed 15 years ago. It creates sort of the sense that maybe this whole process leads to an inevitable result which is the passage of meaningful, comprehensive health reform for the first time. So it creates the perception that this is doable, and in large measure that's due, in part, to this cacophony of disparate voices coming together as has been suggested again this morning.

MR. BROWNSTEIN: Ron, you have said to me that you thought that without the degree of consensus that have been reached amongst stakeholders, that the eruption in early August, which caught proponents, I think, off guard, that that eruption at the town halls and so forth, might have derailed the entire healthcare process. Can you talk about that?

MR. POLLACK: Sure. If the key interest groups were strongly opposing health reform and spending a fair amount of money to push the public in a certain direction that was antithetical to passing healthcare reform, I think it would make a huge difference.

I think one of the key factors is, you talk to all the different interest groups, whether it's the pharmaceutical companies, whether it's the insurers, whether it's the hospitals, the doctors. Every one of them is experiencing some nicks. There are going to be some cuts that they're all experiencing and obviously none of the groups are happy about that and they're going to focus on trying to minimize that.

However, if health reform doesn't happen, each of those cuts are likely to come up each and every year in future budget resolutions. But what's different about it happening in the context of healthcare reform, it can fit within a business model of expanding volume. If you increase volume by getting more people covered and more people buying products, then the mix that different groups are experiencing will be more than offset and the net benefit is significant.

If, on the other hand, healthcare reform fails, these cuts are going to come up in some fashion, each and every year, but if they're not in the context of healthcare reform, there won't be overcompensating volume increases.

MR. BROWNSTEIN: Is that right, Billy? Is this a model – is healthcare reform constructing a business model that works for the affected elements of the medical industry? Is that why people have come to the table? Does this structure work for you long term economically?

MR. TAUZIN: I think so. But it's not just a single sector of the healthcare community. I think one of the imperatives for us to come together and find common ground is that this is an economic crisis as well as a healthcare crisis.

And perhaps even more so. We've got numbers that tell us that we're spending about \$1.3 trillion in healthcare costs, most of it in lost productivity in our country. That grows to \$6.7 trillion in 20 years if we don't do anything. We become sicker, poorer, less competitive as a country. All our businesses are feeling that. I think you mentioned the fact that this is not just a collation of interest groups around healthcare. These are business groups. These are people worried about whether they can employ people in this country or move to some other country.

And I think that business imperative is also driving all of us to find consensus. As you said, I think it's also true for each sector of the healthcare community – we can't survive in a country that can't economically survive. They're tied together there.

MR. BROWNSTEIN: Because there are critics who say groups like PhRMA and the AMA have come to the table because they have negotiated specific deals within the legislation that benefit them, that it is kind of the narrow sectoral interest rather than a broader sense of the economy that has brought groups like yours to the table. What do you say to that?

MR. TAUZIN: Well, first of all, we were promoting healthcare reform long before we were invited to sit down at the table and structure agreements on pay-fors. Whether we're hospitals or doctors, we're all talking in these forums about the necessity. We're advertising. We're promoting. We're a grassroots effort to create an environment where healthcare reform could happen because we sincerely believe it has to happen.

So our efforts behind healthcare reform started long before we were invited by the Senate to come and sit down and talk about the particulars of our pay-fors and other pay-fors. I think that's lost in this discussion sometimes.

MR. BROWNSTEIN: And is your support contingent on maintaining the approach that the Senate Finance Committee takes to dealing with your pay-fors, or could it be reconsidered if it moves in the direction the House wants to go, a lot of rebates for the dual eligibles and so forth?

MR. TAUZIN: Well, our support is contingent upon a good bill. I mean, we all have our own definitions of what a good bill looks like. But obviously, as we said, the tons of points of consensus in all these bills, how the final bill emerges and what it looks like, obviously, is going to be judgment we all make as we approach the end of this

process. I have great confidence we're going to find that consensus, that we're going to be able to support a final bill. That's why we're committed to this tract of support and encouragement of the process. I think had we not and had others not, I think you're right. It might have fallen apart by now.

MR. BROWNSTEIN: Senator Daschle, we just heard the head of PhRMA, a group – an industry that traditionally since has been more supportive of Republicans than Democrats say there's tons of consensus out there in the legislation. This summer you went through a process with Bob Dole and Howard Baker in which you were able to reach consensus on a product, on an overall healthcare reform plan, that has a lot of parallels to what is being debated in Congress today. And yet, as I said at the beginning, it looks as though there will be minimal – if that – Republican support in both chambers. And we are seeing, in fact, substantial divides within the Democratic Party itself.

What is the disconnect? Why is it harder to build a broad coalition in Congress than it has been for groups like this to come together outside of Congress?

SEN. DASCHLE: Well, first of all, I think if you ask a sitting member of the Congress, House, or Senate, Republican or Democratic, is this an urgent issue, you'd get almost unanimity about the answer. Yes, it is. Is there general consensus – how you like to call it – at the 30,000 foot level? Yes, there is. People generally believe we have a cost problem, an access problem, and a quality problem that have to be addressed.

As you start getting down to detail, I found with our bipartisan policy approach – I was working with two former leaders who know how to deal, who certainly understand the process as well as anybody does. They both wanted to get to “yes” and it was still very, very difficult especially around some of the more contentious issues like public option and like from where the revenue comes, those kinds of things.

So you start with just a philosophical, fundamental philosophical difference of the role of government and just how that role plays itself out in health policy.

But then I will also say, I think that there are some on the Republican side who have made a political calculation that if this fails, it actually serves their political purposes. And so, in addition to the complexity, you've got some – and I'm not suggesting all but certainly some – who believe that from a political point of view it's better that this not happen than it does and that's driving some of this debate as well.

MR. BROWNSTEIN: John, I have to ask you, Senator Daschle made the point about how the ride gets bumpier as you descend from 30,000 feet to ground level. Talk a little bit about your experience with Divided We Fail, which is really kind of the forerunner of these efforts to bring – one of the forerunners of these efforts to bring together disparate interests around healthcare reform. That was AARP, so was Employers International Union, Business Roundtable and later the NFIB. You were very visible in 2008 in raising the issue. The group, as an institution, has not been as visible in 2009 in terms of coalescing behind a specific solution. Talk about what you were able to

achieve and where you have run into hurdles in continuing to bring these institutions together.

MR. ROTHER: Okay. I'll be happy to do that, but I also want to add on to what Senator Daschle mentioned. The purpose of Divided We Fail was in part to build public support for health reform by being very visible in terms of business, labor, consumer, common interest, common goals. And I think we put the bulk of our resources into advertising in public events prior to the election.

It's also a way to talk to each other about elements of reform. I think the common observation that just about everybody makes now is that there's 80 percent agreement, and that those are the issues that Senator Daschle mentioned that still are tough, the employer contribution, of course.

But what we found is a common agreement that reform is necessary – however, it's construed – and determination to get there even if it's not precisely what each of us would prefer.

But I wanted to add two other elements to what's changed since 1993. And one is we did have two important state reform initiatives led by Republican governors: one that was successful in Massachusetts; one that was not successful in California. But they flushed out the architecture.

And secondly, I think the idea of Massachusetts was instructive because they decided to do coverage without cost containment. And I think just about everybody has decided here that's not what we can afford to do. We have to do both.

MR. BROWNSTEIN: Let me follow-up on the Divided We Fail experience. Did you seek this year to try to – did the group try to reach consensus on a more specific proposal, a weigh-in on the specific legislation, or do you find that simply that would not be either your role or not possible?

MR. ROTHER: It's not possible. It's not our role. But we did – and still do – try to look for opportunities to show support as a broader group, as much as possible. But as the debate gets down to ground level and gets focused on the more contentious issues, obviously, people will have their own points of view.

But I would just want to emphasize again, the overall thrust is we need to get this done, absolutely agreed on that. So, however, the specifics of an employer contribution, the role of government work out, we need to get it done.

MR. BROWNSTEIN: Billy, as I mentioned, since 1990, the pharmaceutical industry cumulatively has given \$112 million to federal campaigns and contributions, two-thirds of that to Republican candidates. The AMA has certainly been thought of as a group that has been more allied with Republicans on national healthcare issues than with Democrats, and there are other institutions in the medical community that are like

PhRMA and AMA supporting the bill – or reform at least – and yet, where in a situation where it appears that virtually no Republicans will come along and vote for this bill in either chamber with these groups that have been close to the Republican Party before agreeing that there is a broad degree of consensus, why does that not translate into any Republican support have you met with Republican members? Have you tried to bring people along? And what is the barrier?

MR. TAUZIN: Well, first of all, you went pretty far back. If you go back five years of my experience with PhRMA, you will find out things have changed dramatically.

MR. BROWNSTEIN: More fifty-fifty.

MR. TAUZIN: Yes. We turned our organization, as we should have, into a much more bipartisan – in fact, less partisan organization. We represent our companies and our patients more than we do Democrats or Republicans. It's that simple. I keep reminding people, as the first patient to head the group, that patients don't sign into hospitals, into our healthcare systems as Democrats or Republicans. They sign in as sick people. And they all need our help to figure this out. So that's changed dramatically. So we're literally where I think we ought to be: trying to find a consensus between and among the members of both parties.

It's difficult, obviously, because I think politics in Washington has gotten more partisan than certainly when I started 30 years ago in Washington. And the parties generally now control the debate rather than individuals, and they have a lot of directives coming from on top to support or oppose that maybe didn't happen 30 years ago. It's a very different environment.

I think also the fight for control is constant now. There was a time in American history when control was fairly well positioned in one party or the other for a long period of time. Now it's tenuous. It bounces back and forth. And so, I think Senator Daschle was right. I think some of those elements have made it very difficult.

Yes, we have talked to Republicans. We constantly talk to Republicans. We constantly talk to moderate Democrats who are having difficulties with some of the elements of reform trying to find a consensus. We've been very supportive of the Baucus efforts to literally support those discussions and to bring others into it from whatever position we can.

The difficulty is, I think, again the extraordinary partisan nature of this debate. August sort of brought it to a boiling point. We were joking before – I think global warming went up a half a point in August just from the heated town hall meetings. Yes, difficult time to find bipartisanship on any issue in Washington particularly on personal issues like this.

MR. BROWNSTEIN: Senator Daschle, we've talked about this before but Representative Tauzin just made the point that the party matters more, the individual somewhat less. And in some ways, it feels as though Congress is moving more toward almost a parliamentary system where members of each party, especially the opposition party, face enormous pressure to vote with their party against the president on everything.

On the other hand, you have the tendency now in the Senate to filibuster almost everything. And so you have this very narrow, this real limited space to operate in which the minority party filibusters anything and will not vote with you on anything.

What are kind of structural problems, what is the structural challenge that creates in governance if you have this kind of – these twin pressures converging?

SEN. DASCHLE: Well, Ron, you've actually written very eloquently about a lot of this, and I can appreciate the insights you've shared with all of us as you've explored this topic.

I think it really creates a question of governance and capacity to govern if we find these institutional impediments to be as great as they appear to be on virtually every issue. I mean, there is an expectation among the American people that we're going to address these challenges, whether it's health, or climate, or the economy, or any one of the many of the – many challenges we face: Afghanistan, Iraq.

And what happens in the Senate is what you're seeing with healthcare. Because of the institutional impediments we're taking other institutional tools and using them for purposes that really weren't designed for that particular purpose.

And the best example, of course, is reconciliation today. We're going to move perhaps to reconciliation, which is a framework under which budgets were supposed to be considered, not policy, at least to this extent. But Congress, recognizing the importance of accomplishment and achievement and addressing these issues, is left with virtually no other prospect if we fail to reach that super majority threshold to move to the second institutional framework, which is the budget reconciliation framework, to pass this legislation, which is probably what they'll do.

Harry Reid yesterday announced again that that's his intention were we to fail. I'm hopeful that won't be necessary because it presents all kinds of other issues that have to be confronted and addressed.

But your point is well taken. We've got to figure out a way to allow for policy consideration in a more constructive and collective way and we haven't found it yet.

MR. BROWNSTEIN: Well, you have made the observation to me that if you have a situation where the minority party faces enormous pressure to unify against the president, and yet, also, feels the pressure to filibuster virtually everything, what you have then is a parliamentary –

(Audio break.)

SEN. DASCHLE: (In progress) and resolve them in a collective and thoughtful way.

MR. BROWNSTEIN: Ron, you wanted to –

MR. POLLACK: Yes. I would say, reconciliation, which obviously is a misnomer, is really not a desired option for a number of reasons. Senator Baucus has cited one them. I think there are others that are actually more important. The one he cites is that it doesn't provide you with the same stability in terms of once you pass something, being able to retain it.

But I think there are two other factors that make reconciliation the least desirable option, maybe the only option ultimately Democrats can pursue, although I don't think so. I do think Democrats will get to 60 in the Senate.

But there are two problems that I think are very substantial. One is obviously the Bird rule. And the Bird rule would require cutting out a number of key provisions that are not fiscally related.

But there's yet another problem that, from a Democratic perspective and proponents of health reform perspective, I think are even worse, and that is the budget rules with respect to reconciliation are pretty tight. You've got to balance the budget for the first five years and then you have to balance it each and every year, year six, seven, eight, nine, ten. And obviously, the health reform bills that are now out of committee, they achieved, or came close to achieving a balance over ten years, but the big expenditures are in the out years.

And if you've got to balance the budget in each year, six through ten, then you're going to have to scale back healthcare on all these subsidies which are so important to the affordability question, which I think is the way the American public is going to perceive how good healthcare reform is, gets a whole lot worse.

In the Finance Committee, Senator Baucus felt he needed to improve the affordability provisions. If we go to reconciliation, it goes in the opposite direction.

MR. BROWNSTEIN: Let me give the audience a little bit of status report. I'm going to ask a few more questions now for a few minutes then we'll go to you for a few questions, then I'll bring it back up here for a lightning round in which I'll ask our panelists to make some fearless projections in two words or less, hopefully.

But let's talk a little bit about where Ron has kind of brought us about what the road ahead looks like. And John, let me start with you on this. Do you feel as though the parameters of a potential final agreement are starting to come into place now that Senator

Baucus has released his proposal and it's beginning to be adjusted, or is there still a lot of fog and mist out ahead, or can you begin to see the pathway to where Democrats may ultimately end up on this?

MR. ROTHER: No. I think we can see a pathway, not that we can predict specifics but I think, in general, the outlines are in place. And I think the major outstanding issues have to do with financing the role of employers, perhaps. But, you know, the basic structure, I think, is pretty stable now and I would say that odds are excellent that we can actually enact this year.

MR. BROWNSTEIN: Billy, what do you think? What does the road ahead look like to you?

MR. TAUZIN: Well, I think it's really very possible now that Senator Baucus is going to move a bill, that there will be 60 votes to break the filibuster at some point, and they're going to have a vote in the Senate and likely a conference. I think the House will move at that point. I know that they're sort of waiting to watch the Baucus process.

But I think at that point there's a real chance that the House and Senate can come together and get a bill done this year. I didn't quite see that a few weeks ago. I think that's beginning to emerge now. It does mean people have to shift positions a little bit on some of the particulars. And that's a political process that we're watching unfold.

My guess is it's not a clear path. Someone said there's a fork in the road in several places and, as Yogi Berra said, "We might have to take them." But the bottom line is that I think it's doable now when I wouldn't have said that a few weeks ago.

MR. BROWNSTEIN: Ron?

MR. POLLACK: I agree with these two assessments. I think legislation, meaningful legislation will pass, I think, in the Senate. The Democrats will stick together, at least on procedural motions, which is key to get the 60 votes. And in the House – I'll tell you, the blue dogs know that they are more politically vulnerable than other members of that caucus. And they understand what happened in 1994.

And so ultimately, the liberals who have been saying it's got to be a public plan option, or we can't support the legislation and the Blue Dogs who have tried to moderate the package, they will get together and the bill will pass. I think we do see the outlines of this, but – and there are going to be bumps in the road but I think we will get to yes.

MR. BROWNSTEIN: Senator Daschle, it would not be undiplomatic to say that in your years as leader you had intermittent collisions with Senator Baucus. (Laughter.) So I wanted to ask you your assessment of the bill that the produced. And maybe you can burrow in a little more than the other gentlemen have on where you think it may have to be adjusted to get to the finish line. In what way is it a framework for getting this done

and where are the areas that is most likely to be changed if Democrats are going to reach agreement and get something to President Obama?

SEN. DASCHLE: Well, politics is the art of the possible and I think that Senator Baucus deserves great credit for two things. One, for making efforts above and beyond anyone's expectations with regard to outreach to the Republican side. I mean, you can't fault him for not trying. He tried and tried and gave it everything he had and we still don't see a lot to show for it but he deserves credit for having made that effort.

I think the resulting product is very close to where the Senate Caucus, Democratic Caucus is likely to be. I mean, he listened, not only to the Republicans who were pushing back but a lot of Democrats as well. So the product before the Finance Committee today is philosophically about where I think the Senate Democrats are. There are those on the Left and those on the Right who would look at different pieces of it.

But I think there are three areas that will need tweaking. One is the subsidy levels. He's already begun to do that. My guess is that he'll probably continue to work at that.

The second is how we handle the public option. I'm not sure that issue has been resolved yet. He's going to continue to listen and try to figure out ways with which to deal with that part of it.

And then I think the third is the overall financing package that's going to need to be addressed. Clearly, we're not there yet, but I think on revenue and on cuts, there are still tweaks and approaches that are going to be considered carefully. He has the overwhelming task of somehow getting through 564 amendments beginning this morning.

So the work is prodigious. I think he will probably be at it not only this week but some part of next week.

MR. TAUZIN: Can I –

MR. BROWNSTEIN: Please.

MR. TAUZIN: I think you make a good point. It's not just that Senator Baucus is –

MR. BROWNSTEIN: Don't act surprised.

MR. TAUZIN: – trying to reach out to Republicans, and has done an admirable job of doing that, but he's making it a lot easier for moderate Democrats to be able to support the final package and for Blue Dogs to come to terms with the final package as well. That's an important ingredient of this that shouldn't be missed.

MR. BROWNSTEIN: In a macro-sense, is – and the specifics may not be clear. Is there a broad kind of way forward in which the Baucus and the centrist Democrats agree to give ground on affordability, increase the subsidies, and the liberal elements of the party agree to give ground on the public plan, which is essentially what the House Energy and Commerce Committee deal was over maybe have some framing around it.

But the basic deal in the committee was the Blue Dogs agree to more money for subsidies, the liberals agree to scale back then the public plan – it might be – obviously scale back further, but that basic kind of trade, is that something that might make sense as a way for Democrats to come together on this?

SEN. DASCHLE: Well, I think so. Obviously there's strongly held feelings and it's easier said than done. But I do believe that that framework, that trade is something that others have, at least privately, suggested as a way to get through a lot of this.

MR. POLLACK: And if you look at the amendments that are on the table, Senator Snowe has actually championed a lot of this affordability stuff. I mean, she's actually been one of the tigers on improving affordability.

And I have to say, I think when legislation passes – and I think it will – I think the way the American public is going to view this is going to fully focus on how does it affect their pocket books. And that's why this affordability agenda is so important. This is critically important for the president. It's important for any of the members in the House and Senate that vote for this.

People are not going to be able to decipher the difference between \$900 billion, \$1.2 trillion or \$800 billion. They will notice the difference between \$500 more coming out of their pocket or \$700 coming out of their pocket. And so this affordability agenda I think is going to be upper most in the ongoing process.

MR. BROWNSTEIN: John, a quick point while we begin to get the audience ready for questions – (inaudible)?

MR. ROTHER: In addition to your trade, which I agree as the terms of the deal, to do more on affordability, we have to find a pay-for so financing is an integral part of this tripartite issue deal.

MR. BROWNSTEIN: All right. Let's see. Any questions from our patient audience? Mara.

Q: Yes. I just have a – Mara Liasson, NPR. I've just got a question. There's a difference of opinion among you about whether or not reconciliation would actually be necessary. Senator Daschle seems the most pessimistic, I guess, you could say about that. I'm wondering why you think the Democrats can't stay unified even on a procedural matter, even if some of them are going to vote no in the end? It sounds like

you think that Republicans have learned how to act more like a parliamentary party than the Democrats at this point.

SEN. DASCHLE: Well, Mara, I think as no one probably knows this better than somebody like you who's observed Congress for so long, but it's so much easier to be in the minority than it is to be in the majority. Some says it's more fun. I'm not sure because you are on the sidelines in a lot of these cases. But for some reason, there's a psychology about being in the minority that allows for far greater cohesion and unity.

I know when I was – I've been in both majority and minorities as leader and it's just harder. At the end of the day, though, I may have given you the false impression that I don't think it's possible. I think it is possible that we will reach that 60-vote threshold, but unanimity over and over again on these procedural motions when they involve some of these very tough issues is just difficult. It could happen. It's possible that it will happen, but we've got a long way to go before we get there.

MR. TAUZIN: And by the way, if I can add something, you're not going to escape the 60-vote requirement under reconciliation. There are points of order that you've got to come together procedurally on too. It's not a great answer, and it probably leads to very bad results in terms of future operations of the Senate.

MR. BROWNSTEIN: Do you think in honor of Bruce Springsteen we can say that if this goes to Senate 60 is the new 50? (Laughter.) Let's see, is there anything – anybody else? Yes.

Q: Assuming something does pass, and I agree that something will pass –

MR. BROWNSTEIN: Can you identify yourself, please?

Q: Yes. I'm David Williams, chief of staff for Congressman Kagen from Wisconsin. What are the things that next November, Democrats – assuming, I think, the assessment that's been made is correct – Democrats are going to pass this hopefully with some Republican support, but next year, when the Democrats are up for reelection, what are the things they're going to be able to point to in this bill that will mean something to people since so much of the discussion is about things that will take years to accomplish?

MR. BROWNSTEIN: Ron?

MR. POLLACK: I mean, that's a critical question because, as you correctly indicated, 2013 is essentially the implementation date for so many of these things. I was telling an anecdote before we got up here. My sister-in-law called last night. She's moved and she's trying to purchase individual coverage and because she's had a health problem she's tried to get coverage in the individual market and because she's had some health problems, she's been turned down. And so, she said, I'm really rooting for a healthcare reform to happen so I can get my coverage this year.

And I said, sorry. It's not going to happen. I think the legislation will pass but so much of health reform is not going to be implemented until 2013.

One of the things we've counseled to folks on the Hill and the White House is you've got to line up a number of things that are concrete that people can actually feel and touch with respect to what happens between now and 2010. And it's difficult to do that because of the fiscal constraints. I mean, you can't put a whole new regimen that's going to spend a lot of money, but there are going to be, I think, a number of things that are going to be improvements.

You know, take one example. Billy and PhRMA worked out arrangements in terms of helping seniors with respect to the doughnut hole and at least they're going to get discounts for brand name drugs that will subsidize 50 percent of the cost in the doughnut hole. That's a significant thing that I think is going to be very helpful to seniors.

I think there will be some efforts at insurance market reforms such as prohibiting recessions of policies. I think you're going to see as this bill goes to conference much greater attention given to what can we do that's implemented in 2010 so that when people go to the polls in 2010 they can feel some concrete benefit.

MR. BROWNSTEIN: John, do you want to add something?

MR. ROTHER: Well, as all of us know, after the prescription drug benefit was enacted – which is, by the way, an exact parallel politically to this debate except that the parties switch – we did enact a discount card that people could use immediately before the full program went into effect precisely to offer people something tangible of benefit before they could realize the full program. So I'm hoping we can do something somewhere.

MR. TAUZIN: That was a \$600 per senior, indigent senior, benefit; \$1,200 an indigent couple, that was available immediately and not everybody took advantage of that. I think it was about an 18 percent take but it was there immediately to help people in the interim before implementation. We're going to need probably to look at that as we get through this process, where are those points where we can do something immediately.

MR. BROWNSTEIN: John?

Q: John Dickerson from *Slate* and NCBS. Senator Daschle, I want to start with you but anybody else can chime in. Can you put the president on stage here a little bit in the process as it goes forward? He tried to take the public debate back with the joint session speech. Now we're back into talking about what's happening in the finance committee. What can he do both publicly but also in terms of the inside game with these different members of the Democratic coalition?

SEN. DASCHLE: That's a great question. I think that – first of all, I have to say I just give him tremendous credit for his focus and his commitment and dedication to this. All through the summer he was talking to members on both sides of the Congress and Republicans and Democrats.

During the August break, I remember having a conversation with him. He just – and I suggested that yet again he's going through another tough August. And he said, "August just never seems to be my month," relating back to the campaign when August was always a time when he faced setbacks, but he said, "September is always better." And that's exactly what's happened this time.

He needed a game changer. I think he went to the Congress expecting that he could redesign the landscape politically and legislatively and to a large extent, I think he accomplished that.

Now, what's left is just to be as engaged on a personal level as he can be. He's otherwise occupied this week in New York.

But even this week, as I understand it, he's making calls and he's really involved in a very personal way with members. There are some members that I think he's literally had meetings or talked with on the telephone over a half a dozen times already and that will continue. That's, I think, exactly the kind of leadership and commitment that's going to take to get this job done.

MR. BROWNSTEIN: Let's take one more from the audience and we'll do our lightning round. Yes, sir.

Q: Thank you. My name is Ronald Johnson from AIDS Action Council here in New York. Much has been said this morning about the affordability issues and the financing. I wonder what the panelists feel about where the quality of care issues are in the current debate and how quality of care, which is essential for people moving with chronic disease, including people living with AIDS is, and just what are the prospects for a bill that really addresses the quality of care issues?

MR. BROWNSTEIN: John.

MR. ROTHER: Yes. First of all, I appreciate the question because I think quality is really an important part of this equation. I'm actually the vice president of something called the National Quality Forum. And the bill incorporates the Baucus proposal in particular, but also in the House, it incorporates many provisions designed to promote quality.

The basic philosophy is to measure quality and we're learning how to do that more and more and then to reward it and incent higher quality. There are many, many opportunities to do better in our current system particularly for people who have chronic

conditions. So I'm optimistic that the bill, when it does pass and when it's implemented, will actually be a major push to raise the level of quality.

MR. BROWNSTEIN: And as a broad thrust, the Baucus bill like other studies, the BPC study, the recent one by Mark McClellan at Brookings tries to shift the payment system for providers away from volume towards results and quality. Does that have an effect as well?

MR. ROTHER: Absolutely. The whole philosophy is to get away from rewarding volume to reward value and value is quality and price. So I think that quality becomes much more central going forward than it has been.

MR. TAUZIN: And there's another practical answer that may be even more relevant to AIDS victims and others who suffer chronic diseases in our country, and that is that from our point of view, nearly half of the prescriptions that are written in America go unfilled today because of the lack of good coverage and the high co-pays and the out-of-pocket expenses.

You see a common theme now in all the reform packages to limit total out-of-pocket expenses, therefore, to make those critical remedies and medicines available to people with chronic diseases. You also see a theme about dealing with prevention and the early detection and the early screening.

All of those are characteristics of quality care in the healthcare system as opposed to the sick care system that we have today. And those are all treated in different ways in the bills but they're all treated in some very positive way.

MR. BROWNSTEIN: Our panelists and you in the audience have both been very generous with your time but I'm going to impose for about two more minutes for a lightning round in which I'm going to ask our panelists to make some fearless assessments of what lies ahead.

I'm going to start with Senator Daschle, work across the panel and then go back for these five questions. And if you could hold down your answers to, I'd say, one or two words, but you can sort of take it in that spirit. If a healthcare reform bill comes to the Senate floor, Senator Daschle, how many Republicans will vote for it?

SEN. DASCHLE: Two.

MR. ROTHER: Three.

MR. POLLACK: Three.

MR. TAUZIN: Three.

MR. BROWNSTEIN: Wow. By the end of this year – I'm going to start with Bill Tauzin now – by the end of this year, 2009, will Congress complete and send to President Obama a bill significantly expanding coverage, say to about 94 percent of the population or more?

MR. TAUZIN: Ninety-four percent chance.

MR. BROWNSTEIN: Ninety-four percent chance.

MR. POLLACK: Definitely.

MR. ROTHER: Definitely.

SEN. DASCHLE: Absolutely.

MR. BROWNSTEIN: Will that legislation include a public competitor or private insurance companies, and if not, what will be the alternative mechanism?

SEN. DASCHLE: I think it will include either a co-op, or a trigger, or both.

MR. ROTHER: A trigger at a state level so it's a state option triggered state by state basis.

MR. POLLACK: A trigger probably like a co-op – with a co-op, or a combination of the two.

MR. BROWNSTEIN: Co-op first and a trigger for a national?

MR. POLLACK: No. A trigger for a broader co-op.

MR. BROWNSTEIN: Okay.

MR. TAUZIN: I agree.

MR. BROWNSTEIN: You agree with that. Will your organization be – will you or your organization be able to support the final bill?

MR. TAUZIN: I think so.

MR. POLLACK: Yes.

MR. ROTHER: Yes.

SEN. DASCHLE: Absolutely. (Laughter.)

MR. BROWNSTEIN: And, in 2010, will that bill that you all believe will be signed by the president, will that bill be an asset for Democrats or an albatross?

SEN. DASCHLE: Asset.

MR. ROTHER: Maybe asset.

MR. POLLACK: It's going to require work.

MR. TAUZIN: Not determined. Depends on implementation.

MR. BROWNSTEIN: All right. Well, there you have it. I'd like to maybe ask the audience to join me in thanking this terrific panel. (Applause.) And on behalf of the Bipartisan Policy Center, we hope to see you again at a future Bridge-Builder Breakfast. And don't try saying that before breakfast. (Laughter.) Thank you very much.

(END)